

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317)232-9855

**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 01-301

DATE PREPARED: Aug 16, 2002

STATE AGENCY: Office of the Sec. of Family and Social Services

DATE RECEIVED: Jul 10, 2002

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

Digest of Proposed Rule: This rule amends 405 IAC 5-19-1 to clarify the definition of medical and surgical supplies. The amendments provide restrictions and limitations for coverage, and provide that reimbursement shall be equal to the lower of the provider's submitted charges or the Medicaid allowable amount for each item. The amendments also require that all medical supplies be billed using the Health Care Financing Administration Common Procedure Coding System in accordance with the instructions set forth in the Indiana Health Coverage Programs Manual or update bulletins.

Governmental Entities: *State Impact:* This rule modifies the definition of coverage of medical and surgical supplies and the Medicaid fee schedule amounts for covered items. The estimated reduction in total Medicaid program expenditures is \$3.1 M annually. The state share of this expenditure reduction is about \$1.2 M in reduced General Fund expenditures.

Assuming a February 1 implementation date for this rule, the FY 2003 expenditure reduction would be about \$1.3 M, state and federal, with a state share of about \$0.5 M in reduced General Fund expenditures.

This rule places no unfunded mandates upon state government.

Local Impact: There could be some impact to counties and municipalities to the extent that municipally and county-owned hospitals operate outpatient pharmacies that would be subject to the reimbursement reductions. However, since participation in the Medicaid program is optional, this rule places no unfunded mandates upon any local government unit.

Regulated Entities: The proposed amendments are not expected to change the cost of compliance for participating providers. However, these rule changes will impact medical equipment dealers and pharmacy providers through an estimated \$3.1 M reduction annually in reimbursement for medical and surgical supplies.

Information Sources: Donna Sembroski, Office of Medicaid Policy and Planning, (317) 232-1282.